

YOLO COUNTY OFFICE OF EDUCATION

Report of Review

AUDIT RESOLUTION PROCESS

Fiscal Year (FY) 2010-11 and FY 2011-12



JOHN CHIANG
California State Controller

October 2013



JOHN CHIANG
California State Controller

October 10, 2013

Jorge O. Ayala, Ed.D.
County Superintendent of Schools
Yolo County Office of Education
1280 Santa Anita Court, Suite 100
Woodland, CA 95776-6127

Dear Dr. Ayala:

The State Controller's Office reviewed the Yolo County Office of Education's (COE) audit resolution process for local education agency (LEA) exceptions noted in the annual audit reports. The review covered fiscal year (FY) 2010-11 and FY 2011-12.

Our review found that the Yolo COE followed its audit resolution process for FY 2010-11 and FY 2011-12. As a result, the Yolo COE was in compliance with California Education Code section 41020, except for two late submissions by the LEAs of their FY 2010-11 LEA certifications of corrective action plans and a FY 2011-12 LEA corrective action plan that was not dated.

If you have any questions, please contact Carolyn Baez, Chief, Financial Audits Bureau, by phone at (916) 322-7656.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

cc: Diane Cirolini, Associate Superintendent
Yolo County Office of Education
Sandi Fowles, Director
Yolo County Office of Education
Peter Foggiato, Director
School Fiscal Services Division
California Department of Education
Arlene Matsuura, Education Fiscal Services Consultant
School Fiscal Services Division
California Department of Education
Dan Troy, Principal Program Budget Analyst
Education Systems, Department of Finance

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Review Report

Summary

The State Controller's Office (SCO) reviewed the Yolo County Office of Education's (COE) audit resolution process for local education agency (LEA) exceptions noted in the annual reports for fiscal year (FY) 2010-11 and FY 2011-12. Our review found that the Yolo COE followed its audit resolution process for FY 2010-11 and FY 2011-12, except for late submission of LEA certifications of corrective action plans and a FY 2011-12 LEA corrective action plan that was not dated.

Background

California Education Code section 41020(n) requires the State Controller to annually select a sampling of county superintendents of schools to perform a follow-up review of the audit resolution process. Results of these reviews are reported to the Superintendent of Public Instruction (SPI) and the county superintendents of the schools that were reviewed.

Furthermore, California Education Code section 41020(n) states that the State Controller shall require auditors to categorize audit exceptions in the audit report in such a manner that both the county superintendent of schools and the SPI can discern which exceptions they are responsible for ensuring that LEAs correct.

The Yolo COE provides coordination of educational programs and professional and financial supervision for five LEAs under its direct jurisdiction. In addition, the county superintendent of schools maintains special schools and programs countywide independent of the LEAs.

County superintendents of schools are required to do the following:

- Review, for each of their school districts, the audit exceptions relating to attendance, inventory of equipment, internal control, and any miscellaneous items; and determine whether the findings have been corrected or an acceptable plan of correction has been developed (California Education Code section 41020(i)(1));
- Review audit exceptions related to instructional materials program funds, teacher misassignments, and school accountability report cards. The county superintendents must also determine whether the exceptions have been corrected or an acceptable plan of correction has been developed (California Education Code section 41020(i)(2));
- Review audit exceptions related to attendance exceptions or issues that shall include, but are not limited to, those related to revenue limits, adult education, and independent study (California Education Code section 41020(j)(1));

- Notify the LEA and request the governing board of the LEA to provide to the county superintendent of schools a description of the correction or plan of correction by March 15 (California Education Code section 41020(j)(2));
- Review the description of the correction or plan of correction and determine its adequacy and, if its response was not adequate, require the LEA to resubmit a portion of its response (California Education Code section 41020(j)(3));
- By May 15, certify to the SPI and the SCO that the county has reviewed all applicable exceptions, and state that all exceptions have been corrected or an acceptable plan for correction has been submitted by the LEA to the county superintendent, except as noted in the certification. In addition, identify by LEA any attendance-related exceptions or exceptions involving state funds, and require the LEA to submit the appropriate reporting forms to the SPI for processing (California Education Code section 41020(k));
- Review LEAs' unresolved prior year audit exceptions when the California Department of Education defers to the county (California Education Code section 41020(l)); and
- Adjust subsequent local property tax requirements to correct audit exceptions relating to LEA tax rates and tax revenues (California Education Code section 41020(o)).

Objective, Scope, and Methodology

Our review was conducted under the authority of California Education Code section 41020(n). Our review scope was limited to determining whether or not the Yolo COE followed its audit resolution process in resolving audit exceptions. Our review did not include an evaluation of the sufficiency of the action taken by the LEA and the Yolo COE to address each exception, nor did it assess the degree to which each exception was addressed. Specifically, our review was limited to the following procedures.

- Verifying whether the Yolo COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Yolo COE addressed any findings on instructional materials program funds, teacher reassignments, and school accountability report cards. However, with respect to exceptions based on sample items, our review did not include a determination of whether or not the exception results were properly quantified and addressed at a districtwide or countywide level;
- Verifying whether the Yolo COE notified LEAs that they must submit completed corrective action forms to the Yolo COE by March 15, 2012, and March 15, 2013, for FY 2010-11 and FY 2011-12, respectively. Our review did not include an assessment of the LEAs' progress with respect to taking corrective action;

- Verifying whether the Yolo COE required the LEAs to submit the appropriate reporting forms to the SPI for any attendance-related exceptions that affect state funding;
- Reviewing the letters of certification due on May 15, 2012, and May 15, 2013, that the Yolo COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verifying whether the Yolo COE followed up with unresolved prior year audit exceptions the SPI required the Yolo COE to conduct; and
- Verifying whether the Yolo COE adjusted subsequent local property tax requirements to correct audit exceptions relating to LEA tax rates and tax revenues.

Conclusion

Our review found that the Yolo COE followed its audit resolution process for FY 2010-11 and FY 2011-12. As a result, the Yolo COE was in compliance with California Education Code section 41020 for FY 2010-11 and FY 2011-12 except for late submissions by the LEAs of the FY 2010-11 certification of corrective action plans and a FY 2011-12 LEA corrective action plan that was not dated.

Views of Responsible Official

Our conclusion and review finding were provided to the Yolo COE for review in a draft report issued August 15, 2013. The Yolo COE's response is included as an attachment to this report.

Diane Cirolini, Associate Superintendent, generally agreed with the conclusion and review finding presented in the report.

Restricted Use

This report is intended solely for the information and use of the Yolo COE, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not meant to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

October 10, 2013

Finding and Recommendation

**FINDING—
LEA corrective
actions plans
submitted to COE
late and undated**

During our review of the form letters sent from the Yolo County Office of Education (COE) to the local education agencies (LEAs) and the LEAs corrective action plans submitted to the Yolo COE, we noted the following deficiencies:

- The form letter sent to the LEAs from the Yolo COE does not specify that the LEA submit a description of the correction or plan of correction to the Yolo COE by March 15, as required by the California Education Code.
- The corrective action plan submitted by Washington Unified School District for the fiscal year (FY) 2010-11 audit exceptions was not submitted to the Yolo COE until March 16, 2012, which is subsequent to the March 15 deadline.
- The corrective action plan submitted by Esparto Unified School District for the FY 2010-11 audit exceptions was not submitted to the Yolo COE until May 11, 2012, which is subsequent to the March 15 deadline.
- The corrective action plan submitted by Davis Joint Unified School District for the FY 2011-12 audit exceptions did not include a date of submission to determine whether the corrective action plan was submitted before the March 15 deadline

California Education Code section 41020(j) states, in part:

(2) If a description of the correction or plan of correction has not been provided as part of the audit required by this section, then the county superintendent of schools shall notify the local educational agency and request the governing board of the local educational agency to provide the county superintendent of schools a description of the corrections or plan of correction by March 15.

Recommendation

The Yolo COE should:

- Modify the form letter sent to the LEAs to include a request of the correction(s) or plan(s) of correction by no later than March 15.
- Maintain a log of the dates of request, subsequent contact, and date the LEA correction(s) or plan(s) of correction are received.

COE Response

- Finding 1 – LEA corrective actions plans submitted to COE late and undated
 - The form letter sent to the LEAs from the Yolo COE does not specify that the LEA submit a description of the correction or plan of correction to the Yolo COE by March 15, as required by the California Education Code.

- Response
 - The form letters for 2010-11 resolution process were sent on February 6th with a request for the corrective action plan within 30 days, complying with the March 15th, deadline for responses.
 - YCOE will however, follow the recommendation to modify the form letter to request the correction(s) or plan(s) of correction by no later than March 15.
- Finding 1 – The corrective action plan submitted by Washington Unified School District for the fiscal (FY) 2010-11 audit exceptions was not submitted to the Yolo COE until March 16, 2012, which is subsequent to the March 15 deadline.
- Response
 - The letter from Washington Unified School District is dated March 16, 2012, and was a result of follow-up communication with the district revealing the district was just finishing the letter. This 1 day delay did not cause a delay in the certification process to the State Controller’s Office.
- Finding 1 – The corrective action plan submitted by Esparto Unified School District for the 2010-11 audit exceptions was not submitted to the Yolo COE until May 11, 2012, which is subsequent to the March 15 deadline.
- Response
 - Esparto Unified School District had just hired a new Assistant Superintendent of Business on January 3rd. YCOE had been in communication with the new Assistant Superintendent and knew the submission would be delayed as the new Assistant Superintendent needed more time to resolve the findings.
- Finding 1 – The corrective action plan submitted by Davis Joint Unified School District for the FY 2011-12 audit exceptions did not include a date of submission to determine whether the corrective action plan was submitted before the March 15 deadline.
- Response
 - The small number of districts and findings, as well as YCOE’s relationship with the districts allows for an efficient yet less formal process for tracking and following up on audit resolutions. In addition to utilizing copies of the initial formal letters sent to district, if necessary, YCOE also regularly communicates with districts during the follow-up process, including via personally, e-mail or phone call. YCOE has the e-mails and phone log documenting the repeated requests to Davis Joint Unified School District for the corrective action plan which was submitted May 14th. YCOE will follow the recommendation to date the LEA correction(s) or plan(s) of correction when received, and place the corresponding e-mails or dates of phone calls/visits in the Audit Finding Resolution Folder.

**Attachment—
Yolo COE's Response
to Draft Report**



YOLO COUNTY OFFICE OF EDUCATION
Dr. Jorge O. Ayala, Superintendent

August 30, 2013

Carolyn Baez, Chief
Financial Audits Bureau
State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

Dear Ms. Baez:

The Yolo County Office of Education (YCOE) received the letter regarding the Report of Review Audit Resolution Process for Fiscal Year 2010-11 and 2011-12 on August 20, 2013. YCOE's responses to the finding are noted below:

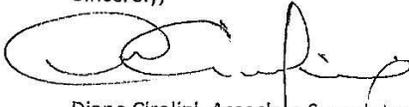
- Finding 1 – LEA corrective actions plans submitted to COE late and undated
 - The form letter sent to the LEAs from the Yolo COE does not specify that the LEA submit a description of the correction or plan of correction to the Yolo COE by March 15, as required by the California Education Code.
- Response
 - The form letters for 2010-11 resolution process were sent on February 6th with a request for the corrective action plan within 30 days, complying with the March 15th, deadline for responses.
 - YCOE will however, follow the recommendation to modify the form letter to request the correction(s) or plan(s) of correction by no later than March 15.
- Finding 1 – The corrective action plan submitted by Washington Unified School District for the fiscal (FY) 2010-11 audit exceptions was not submitted to the Yolo COE until March 16, 2012, which is subsequent to the March 15 deadline.
- Response
 - The letter from Washington Unified School District is dated March 16, 2012, and was a result of follow-up communication with the district revealing the district was just finishing the letter. This 1 day delay did not cause a delay in the certification process to the State Controller's Office.
- Finding 1- The corrective action plan submitted by Esparto Unified School District for the FY 2010-11 audit exceptions was not submitted to the Yolo COE until May 11, 2012, which is subsequent to the March 15 deadline.
- Response
 - Esparto Unified School District had just hired a new Assistant Superintendent of Business on January 3rd. YCOE had been in communication with the new Assistant Superintendent and knew the submission would be delayed as the new Assistant Superintendent needed more time to resolve the findings.
- Finding 1 – The corrective action plan submitted by Davis Joint Unified School District for the FY 2011-12 audit exceptions did not include a date of submission to determine whether the corrective action plan was submitted before the March 15 deadline.

Carolyn Baez, Chief
August 30, 2013
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- Response
 - The small number of districts and findings, as well as YCOE's relationship with the districts allows for an efficient yet less formal process for tracking and following up on audit resolutions. In addition to utilizing copies of the initial formal letters sent to districts, if necessary, YCOE also regularly communicates with districts during the follow-up process, including via personally, e-mail or phone call. YCOE has the e-mails and phone log documenting the repeated requests to Davis Joint Unified School District for the corrective action plan which was submitted May 14th. YCOE will follow the recommendation to date the LEA correction(s) or plan(s) of correction when received, and place the corresponding e-mails or dates of phone calls/visits in the Audit Finding Resolution Folder.

Yolo County Office of Education respectfully requests these responses be included in the final audit report.

Sincerely,



Diane Cirolini, Associate Superintendent,
Administrative Services Division

c: Jorge O. Ayala, Ed.D., Superintendent
Sandi Fowles, Director, Business Management & Advisory Services

**State Controller's Office
Division of Audits
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Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>